POLITICAL, ECONOMICAL AND SOCIAL CONDITIONS

POLITICAL DEVELOPMENT

Ever since a Greek coup and an ensuing Turkish invasion in 1974, the island of Cyprus has been divided into two parts. The Greek Cypriot community lives south of the dividing line in the internationally recognised Republic of Cyprus. The Turkish Cypriots live in the north in the internationally not recognised Turkish Republic of Northern Cyprus (TRNC).  

Most of the year 2021 was characterized by a standstill and uncertainty in the Cyprus question, which has prevailed since the collapse of the last round of talks aimed at the reunification of the island at an international conference in Crans Montana, Switzerland, in July 2017. A more confrontational Turkish foreign policy toward Greece and Cyprus since 2019 also led to the election of a hardliner, Ersin Tatar, in the north of the island in October 2020 after massive interventions by Turkey in his favour. Supported by Ankara, Tatar demanded the equal recognition of Turkish Cypriot sovereignty and therefore a two-state solution as a prerequisite for the resumption of negotiations, effectively ending any prospect for substantial talks. Encouraged by the hardening of the Turkish positions, the Greek Cypriot side now became more reconciliatory, unequivocally returning to the internationally supported framework of a bicommunal, bizonal solution, abandoning a period of confusing signals about the framework for a solution which had seriously undermined the credibility of the commitment of Greek Cypriot President Nicos Anastasiades to a solution of the Cyprus problem. Tellingly, a failed attempt by UN Secretary-General António Guterres to reach a common ground for the resumption of negotiations at an informal five-party summit (both Cypriot communities, the Guarantor powers of Greece, Turkey and the United Kingdom, plus the EU as an observer) in Geneva remained the most significant constructive move in the Cyprus question in 2021.

In October 2020, the Turkish side escalated the situation further by unilaterally opening parts of the fenced off ghost town of Varosha under the administration of the TRNC. Varosha, a Greek Cypriot populated suburb of Famagusta, had remained uninhabited since 1974 and was administered by the Turkish army, serving as a bargaining chip in the negotiations for a solution of the Cyprus problem. UN resolutions demand the handover of the territory to the UN and the return of its rightful inhabitants. In the context of the opening of Varosha, the Turkish side indicated that it would accept the return of Greek Cypriot property owners if their claims were found valid by the internationally recognised Immovable Property Committee in the north. The international community condemned the opening, since the territory would then be administered by the authorities in the north, which would contradict applicable UN-resolutions. At the time of writing about 3.5 per cent of the territory has been opened, but none of the inhabitants have returned yet.

Apart from the opening of Varosha, the confrontation about the hydrocarbon exploration and exploitation off the coast of the island remained the most dynamic and dangerous aspect of the Cyprus problem. In 2019, in response to the unilateral exploration activities of the Greek Cypriots and the regional cooperation of the Republic of Cyprus with Israel, Egypt and Greece on hydrocarbons, Turkey escalated the situation, claiming that its rights and the rights of Turkish Cypriots were ignored. First Ankara started to drill in areas claimed by the Republic of Cyprus as its exclusive economic zone (EEZ) with the approval of the Turkish Cypriot authorities. Then Ankara signed an agreement with the government of Libya over the delimitation of their respective EEZs and threatened to start drilling in areas claimed by Greece as its own EEZ. In 2021, the issue re-
remained unresolved but tensions decreased. Test drillings at the end of 2021 were not answered by Turkish activities in the EEZ claimed by the Republic of Cyprus.

In May, Greek Cypriots went to the polls to elect a new House of Representatives. The ruling conservative party DISY (Dimokratikos Synagermos, Democratic Rally) retained its position as the largest party in the Cypriot parliament. However, it saw its number of seats reduced, as did the other large party, opposition and left-wing AKEL (Anorthotiko Komma Ergazomenou Laou, Working People’s Rehabilitation Party). DISY, AKEL and centre-right DIKO (Dimokratiko Komma, Democratic Party) together lost about 35,000 votes, whereas socialdemocratic EDEK (Kinima Sosialdimokraton, Social Democrat Movement) made slight gains. Far-right ELAM (Ethniko Laiko Metopo, National Popular Front) continued its series of electoral successes almost doubling its support base since the last elections in 2016. The newly established DIPA (Dimokratiki Parataxi, Democratic Front), which split from DIKO, also made it into parliament. The results were: DISY 27.8 per cent (–2.9 per cent), 17 seats (–1); AKEL 22.3 per cent (–3.3 per cent), 15 seats (–1); DIKO 11.3 (–3.2 per cent), 9 seats (unchanged); ELAM (6.8 per cent), 4 seats (–2); EDEK (6.7 per cent), 4 seats (–1); DIPA (6.1 per cent), 4 seats (–4); and KOSP (Kinima Ikologon – Synergasia Politon Movement of Ecologists – Citizens’ Cooperation) 4.4 per cent (–0.4 per cent), 3 seats (–1). The Solidarity Movement (Kinima Allilengyi, KA) failed to secure the 3.6 per cent threshold and did not return to the House, while the Citizens’ Alliance (Symmachia Politon, SYPOL) joined forces with EDEK and did not return as a separate party.

The northern part of Cyprus continued to suffer from political and economic instability in 2021, being strongly affected by the high inflation rates in Turkey. After only one year in office, the ruling coalition collapsed in November. Faiz Sucuoğlu (UBP, Ulusal Birlik Partisi, National Unity Party) became Prime Minister after forming an interim minority government with the Democratic Party (Demokratik Parti, DP). Early elections were held on 23 January 2022, which UBP won with 39.5 per cent and 24 parliamentary seats, thus missing the absolute majority by two seats only. Second largest party, with 32 per cent (18 seats), was the Republican Turkish Party (Cumhuriyetçi Türk Partisi, CTP). The Democratic Party (Demokratik Parti, DP) received 7.4 per cent of the votes (3 seats), while the People’s Party (Halkin Partisi, HP) received 6.7 per cent (3 seats). The Rebirth Party (Yeniden Doğuş Partisi, YDP) gained 6.4 per cent (2 seats). A coalition government of UBP, DP and YPD was formed.

Deaths related to the pandemic rose during the same period, from 125 to 638. In 2020, the situation in the north had been considerably better thanks to the isolation of the Turkish Cypriots and the stricter measures initially imposed by the authorities in the north. But by end 2021, the north had caught up and the situation had converged to similarly high numbers in comparison to population size. The number of people diagnosed with Covid-19 in the north increased within one year, from 1,532 in 2020 to 35,011, while the number of deaths attributed to the virus grew from 7 to 138.

ECONOMIC AND SOCIAL SITUATION

The economy of the Republic of Cyprus is largely based on services. Those services, including tourism, financial services and real estate, accounted before the pandemic for nearly 80 per cent of GDP. Industry contributed only 10 per cent and agriculture added just 2 per cent to the economy. After five years of continuous growth since the 2013 financial crisis, the economy in the south went into recession again in 2020 due to the impact of the Covid-19 pandemic. The key sector of tourism alone dropped by 84.1 per cent for the entire year. Together with the economy, tourism partially recovered in 2021 with a 195.9 per cent year-on-year increase. However, this meant still 52.4 per cent fewer arrivals than in 2019. While the economy had shrunk by 5.1 per cent in the previous year, it grew by 4.8 per cent in 2021. Unemployment fell slightly from 7.6 per cent in 2020 to 7.5 per cent in 2021, youth unemployment fell from 19.9 per cent in December 2020 to 15.1 per cent in December 2021. The deflation of 2020 (–1.1 per cent) turned into low inflation of 1.67 per cent in 2021.

The government of the Republic of Cyprus had responded to the Covid-19 crisis with a massive spending programme. According to an estimate by Sapienta Country Analysis, the total fiscal support amounted to 1.8bn euros, or around 8.5 per cent of GDP, by the end of 2020. Consequently, by the end of 2020, total debt had reached 115.3 per cent of GDP, compared with 94 per cent of GDP in 2019. But public finances improved in 2021. According to a preliminary report released on 28 February 2022 by the Cyprus Statistical Service (Cystat), Cyprus’ government deficit fell to 409.1m euros, or 1.8 per cent of GDP, in 2021. This was due to a mixture of a 16 per cent increase in revenues and reduced expenditure, since most of the pandemic-related job support schemes were ended. Consequently, the public debt-to-GDP ratio of the Republic of Cyprus decreased from 115.3 per cent to 103.8 per cent by the end of 2021.

In August, the Republic of Cyprus signed an agreement with the European Commission in the context of the EU Recovery and Resilience Plan that aimed at mitigating the economic and social impact of the coronavirus pandemic and supporting the green and digital transitions of EU countries. The plan provides for 1.2bn euros in grants and 0.2bn in loans for the Republic of Cyprus, which the government intends to spend on reforming the public service, combatting corruption, upgrading the courts, as well as environmentally sustainable development.
Like 2020, 2021 was also bad for the Turkish Cypriot economy despite some significant improvements in comparison to the previous year. During the first nine months of 2021, total exports increased by 29.3 per cent (reaching 98.9m euros), imports increased by 44.5 per cent (1.16bn euros). The two main driving forces of the economy, tourism and higher education, were particularly badly affected by the Covid-19 pandemic. The revenue for tourism had dropped by 82.7 per cent in 2020. A majority of students also had preferred to stay in their home countries when universities switched to online teaching. Revenue in the higher education sector had dropped by 36.1 per cent in 2020. In 2021 the situation improved with significantly higher occupancy rates in hotels (though well below the pre-pandemic levels) and the return of foreign students in the autumn, when face-to-face teaching resumed.

The authorities in the north continued to spend on pandemic-related support for the economy. As in 2020, most of the money had to be raised by loans and grants from Turkey as well as from domestic savings since the north has no access to international borrowing, aggravating the social impact of the crises on the Turkish Cypriot society. According to Ministry of Finance figures, the TRNC ran a budget deficit of 954.7m TL (Turkish Lira, equivalent to 61m euros) in 2021. The total expenditures reached 10.4bn TL (665m euros) while the revenues stood at 9.4bn TL, despite 1.83bn TL transferred by Turkey.

For most Turkish Cypriots, the decline of their living standards accelerated due to the dramatic increase of the inflation rate, which rose from 15 per cent in 2020 to 46.1 per cent in 2021. The dramatic loss of the value of the Turkish Lira against foreign currencies drastically reduced the purchasing power of average people. According to the Statistical Institute, the consumer price index was 53.36 per cent higher in January 2022 compared to January 2021.

Another effect of the poor state of the economy was a reduction in the labour force and the exodus of foreign workers (mainly from Turkey) in the north. Based on data provided by the Labour Department, the TRNC Central Bank’s (third) quarterly report showed that the number of registered employees, which was 119,568 before the Covid-19 pandemic in January 2020, decreased by 13.6 per cent to 105,945 in January 2021. During the same period, the total number of work permit holders, i.e. workers from abroad, decreased by 23.7 per cent, from 50,271 to 38,340, while the number of insured TRNC citizen workers went down from 69,297 to 67,605.

The report noted that the main reason for the fall in registered workers with work permits was a decline in the number of work-permit-holders from Turkey. The number of Turkish citizens working in the TRNC, which was 33,767 at the beginning of 2020, decreased by 26.8 per cent to 24,711 in 2021. Unemployment in the north decreased by 13.6 per cent in 2020 to 24,711 in 2021. Unemployment in the north decreased by 13.6 per cent in 2020 to 7.8 per cent in 2021. Youth unemployment remained a major concern, but the situation improved within 2021, with numbers going down from 29.3 per cent in 2020 to 21.4 per cent.

TRADE UNION ACTIVITIES

Republic of Cyprus

The first half of 2021 was largely defined by the coronavirus pandemic and the measures for the protection of public health, which in turn led to the restriction of the operation of important sectors of the economy. Much of the attention of the trade unions was focused on requesting plans and measures to support workers, namely to keep their jobs and cover the loss of income that resulted from the various measures, such as the shutdown of recreation centres and so forth. In this context, the trade unions managed to achieve arrangements for those periods when various employees were temporarily out of work. Such arrangements, including special allowances given to employees during those periods, were considered as service and actual contributions to pension and sickness funds, and therefore they were filed as special stipends, similar to annual leave, but also for the purpose of payment of other allowances. These arrangements were of great importance to employees, as, without them, employees would remain unpaid for the period of their annual leave and they would lose certain benefits partially or fully.

Even though economic activity started recovering from the sharp recession as of the first half of 2021, driven mainly by domestic demand, activity in tourism still remained well below the pre-pandemic level. The impact on the labour market has been cushioned by special support measures implemented by the government. After a relatively mild increase in 2020, peaking at 10.4 per cent in May 2021, the unemployment rate fell continuously to finally reach 4.4 per cent in August 2021. This fall reflected the gradual economic recovery, especially in the tourism sector. From the onset of the pandemic until spring 2021, between 50–60 per cent of the working population benefited from temporary measures aiming to protect employment, which helped preserve jobs and incomes and contained the increase of unemployment rates. Following the reopening of the economy in early summer 2021, the measures have been more targeted at businesses in the tourism sector, which are suffering significant losses in their turnover, namely a 40 per cent reduction in comparison to 2019 and an occupancy rate of less than 60 per cent.

In 2021, the introduction of a national minimum wage, pension reform, the reformulation of the employment framework for workers from third countries, and the new legislation on teleworking were the main topics of discussion between the Ministry of Labour, stakeholders and social partners.

The debate on the minimum wage was an important milestone. Trade unions approached the issue as part of a set of regulations that the state must introduce to restructure labour and combat labour dumping and unfair competition between employers. They demanded institutional arrangements so that the minimum wages agreed in the sectoral contracts apply to all employees in the sector covered by the contracts. They also advocated for the introduction of a mechanism where a minimum wage and basic employment conditions for non-covered contracts will be agreed upon through collective
negotiations. The Ministry of Labour is guided by a 2019 report of the International Labour Organisation (ILO), which was not utilised, as the ministry had frozen the process for establishing a national minimum wage. Due to the new landscape brought about by the pandemic, with regards to labour and the economy, more broadly, the Ministry of Labour has decided that the report needs to be updated. Nevertheless, it is emphasized that the effectiveness of the minimum wage lies in the central ideas of the report, that is, in the wide coverage of all employees, in the compliance of employers with its implementation, based on the indicators of the local economy (standard of living, unemployment rates, etc.).

Another burning issue is retirement regulation. The current pension system of Cyprus was established in 1980. In the 40 years since then, so much has radically changed: working conditions; production models; labour markets; the composition of the workforce in terms of ages, gender, educational level, life expectancy; and so forth. Therefore, the «modernization» of the pension regulations that shall occur through a comprehensive reform is considered necessary. Moreover, the reform of the pension system is included in the National Recovery Plan for which the Republic of Cyprus will receive a total of about 1.2bn euros from European funds. For the pension reform to proceed, the introduction of the national minimum wage is a precondition, as it will affect the minimum amount of Social Insurance contributions for employees, employers and the self-employed. Regarding pensions, the trade unions have set as »red lines» the following points that they will not accept: a 12 per cent reduction in the pensions of those who retire at 63 instead of 65 and an increase in the retirement age to 67 years.

However, the Ministry of Labour maintains that the pension reform aims to reduce the risk of retirees living in poverty and to ensure adequate retirement income, solidarity and justice between generations, as well as the long-term survival of the social insurance fund by reducing disincentives to retire early.

Redesigning the »employment framework for third-country workers« seems urgent, according to employers’ organisations, which see it as a possible solution to the staff shortages faced by key sectors of the economy, such as the tourism, retail, nursing and manufacturing. The trade unions point out that the filling of vacancies, especially in the hotel sector, should have been done at the beginning of 2022 to train the recruits so that, when the tourist season begins in spring, they will be prepared to work.

The regulation of teleworking seemed an easy issue in the sense that there were convergences of the social partners. However, in a letter from the Cyprus Chamber of Commerce and Industry (CCCI) to the Minister of Labour, it became known that employers believe that the legislation on teleworking should remove the elements of »flexibility and job security«. Employers’ organisations favour separate bilateral agreements (between employer and employees) within each company that specify who and for how long they will work with the teleworking model. The CCCI, in its letter, invoked a European directive that sets the framework yet lacks precise rules on how teleworking will take place. The legislation of teleworking has become an imperative, since the pandemic has intensified and finalised the transfer of many employees from their company workplaces to «offices» at home. The extent of this global phenomenon has mobilized the European Union to set guidelines on what parameters should be taken into account and what rights should be guaranteed in teleworking legislation. Based on these positions of the EU, the Ministry of Labour carries out the process of consulting with trade unions and other stakeholders, in order to prepare the regulatory legislation on telework for the Greek Cypriot Government to implement.

**Turkish Republic of Northern Cyprus TRNC**

Turkish Cypriot trade unions were active on various political and economic fronts in 2021. They used strike action, organised protests and issued press statements individually or collectively to influence political decision-makers and the wider public. They also successfully sued the government and secured the reversal of the government decree, which suspended the cost of living adjustment. They also succeeded in pushing the government to shelve (at least for the time being) a proposed amendment to the Labour Law, which would weaken the right to collective bargaining and trade unionism. Finally, one of the three trade union federations, Kıbrıs Türk İşçi Sendikaları Federasyonu (Türk-Sen, Federation of Cyprus Turkish Trade Unions), announced a cooperation with SEK (Cyprus Workers’ Confederation), from the south, to help job-seekers in the north to find employment in the south.

The year started with a delay in setting the new minimum wage. The Minimum Wage Determination Commission managed to set the new minimum wage in February 2021, after failing to reach an agreement after meeting several times in January 2021. The new minimum wage was set at 3,828 TL (447 euros) net. The employers’ representatives, who wanted the minimum wage to remain at 3,323 TL (388 euros) net, as it had been set in February 2020, boycotted the meeting. The commission is the only regularly functioning social dialogue mechanism in the TRNC. The commission usually meets twice a year.

In late July, the commission convened to determine the second minimum wage of the year but could not reach a consensus. The representative of the workers’ side, Ahmet Serdararoğlu (Hür İşçi Sendikaları Federasyonu, Hür-İş, Federation of Free Trade Unions) repeated a demand raised by some trade unions last year to peg the minimum wage to thelowest salary in the public sector. This would mean automatical-ly applying the cost of living adjustment to the minimum wage every six months so that individual purchasing power is better protected in times of high inflation. By late July, the net minimum wage went down to 377 euros, due to the rapid depreciation of the Turkish lira. The stalemate in the commission continued in August and no meeting was held, and therefore the minimum wage remained the same. On September 15, the commission eventually agreed on an increase
Throughout the year, Kıbrıs Türk Amme Memurları Sendikası (KTAMS, Union of Turkish Cypriot Public Servants) pointed out the declining purchasing power due to increasing inflation and the depreciation of the Turkish lira. They also highlighted that the minimum wage frequently fell below the poverty line. In September, for instance, they said that the poverty line by the end of August stood at 4,466 TL (446 euros), adding that the families who are trying to make ends meet on a minimum wage were being crushed by price hikes. The minimum wage in euro terms went down from 419 euros at the end of September to 393 euros at the end of October.

Furthermore, KTAMS repeated Hür-İş’s demand to pass legislation to make the minimum wage subject to cost of living increments, which the public sector (normally) enjoys every six months.

In a surprising move and most probably to score an advantage before the early elections on 23 January 2022, on 22 December 2021, the government called the Minimum Wage Determination Commission for a third meeting. The commission set the minimum wage, which would enter into force from 1 January onwards, as 6,090 TL (449 euros) net. The decision was made, once again, in the absence of representatives from the employers’ side, who left the meeting in protest and announced that they would consider taking the decision to the court.

In January, public administration trade unions, Kamu İşçileri Sendikası (Kamu-İş, Public Workers Trade Union) and KTAMS, held a three-hour «warning strike» to protest staff shortages at Famagusta State Hospital.

March was a busy month for trade unions. In early March, the »This Country is Ours« platform held a march to protest the government over their signing of an economic protocol with the Turkish government on the grounds that this protocol would hand authority over to Ankara. »Those who emphasize sovereignty on the Cyprus problem do not see any problems in transferring power to Ankara with every protocol agreement signed«, the platform stressed. »Our goal is to solve the Cyprus problem in line with international law and to govern ourselves«, the platform added. The platform is made up of representatives of left-leaning trade union federations and political parties.

On March 15, the three trade unions from both left and right, KTAMS, Kamu-İş, Kibris Türk Kamu Görevlileri Sendikası (Kamu-Sen, Cyprus Turkish Public Officials Trade Union) and Gümrük Çalışanları Sendikası (Güç-Sen, Customs Workers Union) held a two-hour strike to show solidarity with private sector workers. They pointed out that since the beginning of the pandemic, private sector workers have suffered great economic difficulties; many people lost their jobs, and they accused the government of helping big businesses instead of their employees. Later in the month, the same trade unions issued a joint statement where they pointed out that the cost of living payment is not a salary increase, but a safeguard of purchasing power against inflation. They warned that «if the government issues a decree to freeze the cost of living allowance, we will use all kinds of democratic action rights including general strike and we will initiate a legal struggle». This did not stop the government. On 31 March 2021, it issued a decree freezing the cost of living given to public employees and pensioners for four months. This would mean no cost of living adjustment between 1 March and 30 June.

Trade unions showed strong reaction to this throughout April. On 5 April 2021, a six-hour strike was staged at Ercan Airport causing delays in flights. On 8 April, six trade unions (KTAMS, Kamu-Sen, Kamu-İş, Güç-Sen, Gelir ve Vergi Dairesi Çalışanları Sendikası (Vergi-Sen, Tax Office Employees Union) and Kibris Türk Hemsireler ve Ebele Sendikası (KTHES, Nurses and Midwives Union) held a one-day general strike and staged a protest outside the parliament. Hundreds of public sector employees marched to the parliament to protest, calling for a reversal of the decision and for the government to resign over its mismanaging of the economy during the pandemic. The strike led to the cancellation of the parliament’s plenary session, because most of the supporting staff participated in the strike. On 12 April, six trade unions had announced an indefinite strike at Ercan Airport, due to start on 13 April, but the Council of Ministers invoked its legal power to postpone the strike for 60 days with immediate effect. Eventually, on 24 June, the Constitutional Court revoked the governmental decree to freeze the cost of living adjustment. The lawsuit was filed by six trade unions (including left-leaning KTAMS and right-leaning Kamu-Sen and Kamu-İş). The head of KTAMS, Güven Bengihan, said the court had ruled that the government could not introduce such a decree that by-passed the parliament. He also said that such governmental decrees could be utilised only in exceptional cases and in the public interest.

In April, the government proposed an amendment to Article 30 of the Labour Law. According to the legislation in force, until a new collective agreement is struck, the existing one is valid. The proposed amendment envisaged that if a new collective agreement is not signed in one year the existing one will be abolished. The bill also limits the negotiation process to one month. On 28 April, Ahmet Serdarolu (Hür-İş) issued a written statement on behalf of the eight trade unions affiliated with his federation arguing that the amendment proposed by the government would take away the collective bargaining right of the employees and pose a great danger to union life. Serdarolu said, »we will never accept this law that wants to take away the collective bargaining right of our employees. They want to establish a modern slavery system. We think that all unions should start a joint struggle against the proposed amendment«. On 23 June, 24 trade unions across the political spectrum (including the three trade union federations) held a protest outside the Prime Minister’s office and threatened to bring life to a »standstill« unless the government drops its plan to amend the labour law. A joint press statement warned that a general strike would be held across the country if the debate on the draft
law begins in parliament. Reportedly, the draft law was shelved by the Minister of Labour, Koral Çağman, after a heated debate in parliament. The amendment had come to the fore as a requirement of the Economic and Financial Protocol signed in Ankara on 3 March 2021 between Turkey and the TRNC.

On 6 May, an indefinite strike called in early April by public healthcare employees over pay and working conditions ended with success. The Minister of Health said that doctors who have been working on a contractual basis since 2017 will be transferred to permanent staff status and overtime payments due to them would be made in the coming days.

As in the earlier years, Kıbrıs Türk Elektrik Kurumu Çalışanları Sendikası (El-Sen, Cyprus Turkish Electricity Authority Workers Union) was very active in 2021. An indefinite strike called by El-Sen and launched on 10 May was brought to an end two days later following an agreement struck between Kıbrıs Türk Elektrik Kurumu (Kıb-Tek, Electricity Authority) and the trade union. El-Sen members who held a protest outside the Kıb-Tek headquarters in Nicosia on 12 May tried to enter the building but were stopped by the police. The demonstrators held placards and banners reading »No to privatisation«. After the protest, the Kıb-Tek and El-Sen officials came together and reached a compromise, which led to the signing of a collective agreement and a protocol between the two sides.

In August, the trade unions in state-owned electricity and telecommunication authorities held anti-privatisation actions. The head of El-Sen said that Kıb-Tek was on the »verge of bankruptcy« due to, among other things, underinvestment. Later in the month, El-Sen and other trade union members of the »This Country is Ours« platform and political parties gathered in front of the Kıb-Tek headquarters and marched to the Ministry of Economy and Energy. During the demonstration, black wreaths were laid at the doors of the ministry building. It was argued that no investments had been made in Kıb-Tek and that there would be a fight against its privatisation. The representatives of the opposition political parties, including Toplumcu Demokrasi Partisi (TDP, Social Democratic Party) chairman, Cümhuriyetçi Türk Partisi (CTP, Republican Turkish Party) secretary general, and some MPs, as well as unions and non-governmental organisations, also participated in the demonstration. Earlier in the month, Kıbrıs Türk Telekomünikasyon Dairesi Çalışanları Sendikası (Tel-Sen, Telecommunication Department Workers Union) held a two-hour warning strike in protest over speculations that the department will be privatised. Other member unions of Türk-Sen, of which Tel-Sen is a member, also participated in the strike. The Tel-Sen chairperson, Tamay Soysan, said that privatising telecommunications in small-scale countries is not in the interest of the public.

In November and December 2021, trade unions intensified their actions in the face of increasing inflation. On 5 November, three public sector unions (KTAMS, Kamu-Sen and Kamu-Liş) held a half-day general strike and protested in front of the Prime Minister’s office against price hikes the same day a new government was formed. On 23 December, trade unions platform staged a protest outside parliament. They urged the government to implement measures to protect the purchasing power of the people against the depreciation of the Turkish lira and the price hikes introduced as a result. On 28 December, »This Country is Ours« platform held a mass demonstration, with the slogan »no to impoverishment«, outside parliament. Four of the unions (KTÖS, KTOEOS, Güz-Sen and Verги-Sen) gave mass support to the protest by going on a full-day or hourly strike in their workplaces. Other unions participated at a leadership level. Some political parties, including the main opposition CTP, supported the demonstration too. The unions called for »protection of the purchasing power of the people against price hikes, and for a fair distribution of welfare and social rights«.

The left-leaning Turkish Cypriot trade unions were also active in broader political issues. In July, the »This Country is Ours« platform saluted the decision taken by the CTP and TDP not to attend the special parliamentary session which Turkish President Erdoğan addressed when he visited the TRNC in July. »The appropriate response to the ruling elite in Turkey and to their collaborators, which dealt a blow to Turkish Cypriots’ demands for federation came from the CTP and the TDP«, the platform statement said.

Earlier in the year, the platform took a firm stance on another politically sensitive issue. On 24 June, the »This Country is Ours« platform held a press conference in front of the Ministry of Interior and protested the government’s citizenship policy. The platform spokesperson said that the pace of granting citizenship had intensified, adding that 2,500 people had been given citizenship in the past six months. On 5 October, this time, KTAMS alone staged a protest outside the Ministry of Interior building against what it said was the government’s arbitrary citizenship policy. »Turkish Cypriots are faced with the risk of becoming a minority in their own country as a result of the government’s action to hand out citizenships like candy«, Serman Yiğit, the secretary-general of KTAMS, said during the protest.

Towards the end of the year, two trade unions across the Green Line, announced their cooperation to help to bring together job-seekers and employees. On 15 December, the chairperson of Türk-Sen, the oldest Turkish Cypriot trade union federation, Arslan Biçakli, announced that his federation and the Greek Cypriot trade union confederation SEK agreed on a scheme which would enable some 8,000 Turkish Cypriots to find employment in the south. »Solidarity between the two communities is important«, Andreas Matsas, SEK general secretary, said in an interview published in Turkish Cypriot daily Yenidüzen, where he pointed out that the Turkish Cypriots seeking employment in the south will help address shortages faced by the companies in the south and therefore the deal would benefit everyone.

On a different front, on 16 November, KTÖS urged all the schools in the northern part of the island to take part in the bi-communal education project »Imagine«. KTÖS said not only is Imagine a multifaceted education project, but it also creates an important opportunity to bring the two communities
of the island closer, especially with the Anti-racism and Peace Culture Education programme, launched in October 2017 with the agreement of the two community leaders at the time. Sharing statistics from 2020, KTÖS pointed out that 5,091 students and 582 teachers had taken part in the training the previous year. The trade union added that 340 teachers had taken part in mono-communal and bi-communal Peace Culture Education training and 92 school principals took part in conferences organised by the project. The Imagine project aims to contribute to the development of confidence-building measures between the two communities. KTÖS said the Imagine project entails concepts such as fighting against discrimination, racism and xenophobia, developing the ability for critical thinking, becoming aware of disadvantaged groups and striving for equality and tolerance. The Imagine project is supported by the German Embassy in Nicosia.

**TRADE UNIONS IN CYPRUS – FACTS AND FIGURES**

**HISTORICAL ASPECTS**

*Republic of Cyprus*

In the crisis conditions prevailing in the Greek Cypriot community after the war of 1974, the tripartite system – the institutionalised consultation between workers’ and employers’ representatives under the auspices of the state – already in operation in a rudimentary form since the late colonial era and in the process of consolidation in the first years of the Republic, was further boosted, strengthened and formalised although not given a legally binding force. The trade unions accepted wage cuts and a series of temporary freezing of benefits in the context of the broader effort of national reconstruction. Collective agreements are an important component of labour law. However, the general rule is that collective agreements between trade unions and employers are not legally binding upon the latter. One of the most defining characteristics of the Cypriot corporatist model is its reliance on collective bargaining agreements, which involve negotiations between the parties concerned. In 1977, the establishment of the Industrial Relations Code (IRC), negotiated and agreed by the main trade unions and employers’ associations under the auspices of the state, governed in letter as well as in spirit the conduct of the labour relations for more than three decades. The IRC is essentially a soft-law document, a gentlemen’s agreement that regulates the collective bargaining process, and provides a conflict resolution mechanism when employers’ and employees’ representatives fail to reach a mutually acceptable outcome. The participation of trade unions in a series of tripartite committees in the 1980s and 1990s allowed them on the one hand to have a say on many policy issues but undoubtedly also pushed them to a largely conciliatory stance. Trade union participation in policy making, however, was at no time extended to include state economic policy.

As the political realm had been stabilised by the 1980s, taking the shape of a four-party system, the trade unions grew and expanded substantially in membership, financial resources and apparatuses while politically remaining under the shadow of their respective parties for which they constituted a sort of »transmission belt«. In addition to Pangypria Ergatiki Omospondia, Pancyprian Federation of Labour (PEO), directly aligned to AKEL, and the Synomospondia Ergazomenon Kyprou, Cyprus Workers’ Confederation (SEK), indirectly aligned to DISY and DIKO, the Demokratiki Ergatiki Omospondia Kyprou, Democratic Labour Federation of Cyprus (DEOK), a small union that broke away from SEK, aligned directly with the social democratic party of EDEK.

By the 1990s, the Cyprus economy was increasingly opening to the international economy. Manufacturing, never a big sector, shrank further as a result of global competition. Services expanded yet more, with foreign workers and, after the accession of Cyprus to the EU in 2004, workers from EU countries becoming an increasingly important section of the labour force. Although trade unions continued to expand in membership in both the 1990s and the 2000s, they lagged far behind the expansion of the labour force, resulting in a significant drop in overall density levels, from around 80 per cent in the 1980s to around 50 per cent by the 2010s. Service workers, non-Cypriot workers and young workers, in general, were more difficult to organise, and although trade unions made some progress in the last decade, this was limited and impeded by the unfolding of the economic crisis. The acceleration of the expansion of non-standard employment in the 2010s has also played a role in slowing the unionisation effort, as precarious workers are more difficult to organise.

*Turkish Republic of Northern Cyprus (TRNC)*

Although the roots of Turkish Cypriot trade unions can be traced back to the 1940s, the trade union movement had played only a subservient role in the Turkish Cypriot community until 1974, because right-wing nationalists dominated the politico-economic scene in this period of intercommunal conflict. The ethnic tension and then conflict between the two communities, which started in the 1950s, hindered economic modernisation and development of modern institutions including trade unions. In this respect, the de facto geographical division of the island in 1974 and the establishment of a separate Turkish Cypriot political entity in 1975 marks an important milestone. Though the establishment of some major trade unions, such as KTAMS (Cyprus Turkish Public Officials Trade Union), KTÖS (Cyprus Turkish Primary School Teachers Union) and KTOEÖS (Cyprus Turkish Secondary School Teachers Union), and one of the federations, Türk-Sen (Federation of Cyprus Turkish Trade Unions), had preceded 1974, the circumstances in small enclaves, where Turkish Cypriots lived under military rule, were not conducive to class-based unionism. Therefore, unionism gained momentum only in the relatively more democratic post-1974 period.

At this early post-conflict period, there was only small-scale production in the private sector, and the state was the biggest employer. State economic enterprises were active in tourism and manufacturing where the scale was conducive to unionisation. These factors explain the dominance of the public sector trade unions.
Thanks to the positive atmosphere of the early post-1974 period and inspired by the relative strength of the left in Turkey, the parliament passed many working-class-friendly laws empowering the trade unions (at least in the public sector) in this period. Consequently, in 1981 when the total employment figure was around 54,000, there were around 20,000 union members. Yet the union membership could not exceed this figure for a very long time; even though the total employment figure reached 90,000 in 2001, the trade union membership was still around this level. By 2019, there were around 25,000 union members while the total employment figure was around 138,000.

**TRADE UNION LANDSCAPE**

*Republic of Cyprus*

The gradual but substantial expansion of the broader public sector allowed the centre-right SEK to catch up with PEO in terms of membership, as it organized the overwhelming majority of employees in the public services and municipalities. At the same time, the Pankyprian Union of Civil Servants (PASYDY), representing the civil servants properly, was also strengthened, expanding in membership and gaining a series of wage increases and benefits for its members.

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**Table 1**

**Most important trade union federations in the Republic of Cyprus**

<table>
<thead>
<tr>
<th>Trade Union Federation</th>
<th>Chairperson and Vice Chairperson</th>
<th>Members</th>
<th>International Memberships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Παγκύπρια Εργατική Ομοσπονδία (ΠΕΟ) Pancyprian Labour Federation (PEO)</td>
<td>Chair: Pampis Kyritsis, Vice-Chair: Soteroulla Charalambous</td>
<td>56,742 (2020)</td>
<td>WFTU</td>
</tr>
<tr>
<td>Συνομοσπονδία Εργαζομένων Κύπρου (ΣΕΚ) Confederation of working persons in Cyprus (SEK)</td>
<td>Chair: Andreas Matsas, Vice-Chair: Michalis Michael</td>
<td>55,813 (2016)</td>
<td>ITUC, ETUC</td>
</tr>
<tr>
<td>Παγκύπρια συνδικαλιστική οργάνωση δημοσίων υπαλλήλων (ΠΑΣΥΔΥ) Pankyprian Trade Union of Civil Servants (PASYDY)</td>
<td>Chair: Stratis Mathaiou, Vice-Chair: Antonis Koutsoullis</td>
<td>21,535 (2020)</td>
<td>ETUC, EPSU, PSI</td>
</tr>
</tbody>
</table>

**Table 2**

**Most important branch or individual unions in the Republic of Cyprus**

<table>
<thead>
<tr>
<th>Branch or Individual Union</th>
<th>Membership in Federation</th>
<th>Chairperson and Vice Chairperson</th>
<th>Members</th>
<th>International Memberships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Συντεχνία Οικοδόμων, Ξυλουργών, μεταλλωρύχων και γενικών εργατών (Οικοδόμοι) / Trade union of builders, carpenters, miners and general workers (Builders)</td>
<td>PEO</td>
<td>Chair: Michalis Papanikolaou, Vice-Chair: Efthios Papamichael</td>
<td>10,673 (2020)</td>
<td>UITBB</td>
</tr>
<tr>
<td>Συντεχνία Ξενοδοχείων και Κέντρων Αναψυχής (ΣΥΞΚΑ) / Trade union of hotel and leisure centre workers (SYXKA)</td>
<td>PEO</td>
<td>Chair: Lefteris Georgiadis, Vice-Chair: Andreas Kombos</td>
<td>11,763 (2020)</td>
<td>TUI-HOTOUR</td>
</tr>
<tr>
<td>Ομοσπονδία Οργανισμών (ΟΗΟ) / Federation of unions of Semi-governmental Organisations (OIO)</td>
<td>SEK</td>
<td>Chair: Andreas Elia, Vice-Chair: Ilias Demetriou</td>
<td>approx. 7,500</td>
<td>EPSU, PSI</td>
</tr>
<tr>
<td>Ομοσπονδία Υπαλλήλων Ξενοδοχείων, Επιστημονικού και Κέντρων Αναψυχής ΟΥΞΕΚΑ / Verband der Federation of hotel, food and leisure centre employees (OIXEKA)</td>
<td>SEK</td>
<td>Chair: Militiadis Miltiadous, Vice-Chair: Georgios Karas</td>
<td>approx. 10,000</td>
<td>EFFAT, IUF</td>
</tr>
<tr>
<td>Ένωση Τραπεζικών Υπαλλήλων Κύπρου ΕΤΥΚ / Union of Cyprus Bank Employees (ETYK)</td>
<td>Independent</td>
<td>Chair: Chatzikostis Loizos, Vice-Chair: Christos Panagides</td>
<td>6,753 (2020)</td>
<td>UNI Europa, UNI Global</td>
</tr>
</tbody>
</table>
PASYDY is formally politically neutral and is not aligned to any particular party, yet, as the majority of its members are DIKO and DISY supporters, it usually leans politically towards the right. Party members and party officials are active within the civil service and within PASYDY, although this does not take the form of formalised internal factions, such as those operating in the public sector teachers’ unions: Pangyppria Organosi Ellinon Daskalon, Pancyprian Organisation of Greek Teachers (POED), Organosi Ellinon Letourgoun Mesis Epkedeousis Kyprou, Organisation of Greek Secondary Education Teachers (OELMEK) and Organosi Letourgoun Mesis Epkedeousis, Organisation of Teachers in Technical Institutions (OLTTEK), representing the primary, secondary and technical education, respectively. Enosi Trapezikon Ypallilon Kyprou, Union of Banking Employees of Cyprus (ETYK), is like PASYDY in the sense that it is not formally aligned to any political party, and in fact, it was able to benefit from the substantial expansion of the banking system and its strong labour market position, gaining for its members substantial wage raises, benefits and privileges in the 1980s, 1990s and 2000s.

The expansion of irregular employment in the broader public sector in the 2000s and the inability of PASYDY as well as SEK to largely protect these workers, despite achieving some improvements, has led to the formation of other small, independent unions. The biggest of these, Anexartiti Sintehnia Dimosion Ypallilon Kyprou, Independent Union of Civil Servants of Cyprus (ASDYK), emerged in the 2010s as a second general public sector union; Pangyppria Syntehnia Kyvernitiikon Iatron, Pancyprian Association of Government Doctors (PASIKY), and Pangyppria Syntehnia Nosileuton, Pancyprian Nursing Association (PASYN) all challenged PASYDY. More recently, the trade union Pankypria Syntehnia Iositita, Pancypriot Union Equality (ISOTITA) was formed representing the irregularly employed workers in both the public and semi-public sectors.

In the 2010s, the big trade unions suffered losses in membership but remained the dominant players, as the trade union landscape had not been extensively altered.

Trade union representation varies enormously according to the sector of economic activity and enterprise size. In the public, semi-public, municipal and banking sectors, trade union density remains very high, although not as high as it used to be, as union membership for the regularly employed has been traditionally almost automatic upon employment. Exceptions to this are those who have top administrative and managerial positions, professionals, and regular as well as project-based employees who hold fixed-term work posts. Other factors that have changed membership numbers are the increase of the number of irregular workers, hired on temporary and successive fixed-term contracts, who tend to be young, and the withdrawal of some employees and occupational groups from PASYDY and, to a smaller extent, SEK, as mentioned above.

In the private sector, the main trend is for most big firms to have a trade union presence and for most small ones to be without a trade union presence. Such is the case for hotels and restaurants and construction companies, where trade unions are relatively strong and negotiate industry-wide collective agreements. There are, however, some big employers in these industries that manage to keep the trade unions out of their businesses. Trade unions have faced increasing difficulties in the last decade even in these two industries, which are relatively large and very dynamic, and, along with the banking sector, drive the whole economy. Construction was severely hit by the crisis and shrank substantially in the crisis years, but currently it has been regenerated. Tourism was the only industry that continued to grow during the crisis, but the prevailing conditions in the economy did not allow the trade unions to sustain the pre-crisis employment conditions, let alone improve them, although some steps have been taken in the last years to improve both conditions and representation.

In transport and manufacturing sectors, there is a moderate trade union presence and a mixture of industrial- and enterprise-level collective agreements, which cover a small section of the workforce but also serve as a reference point for some other non-unionised enterprises. In retail trade and services trade, union presence has always been and remains limited. Collective agreements are very rare in these sectors, and when there are agreements, they do not extend beyond the enterprise level. In the absence of collective agreements, the only tool left for trade unions is labour legislation and advocating for a minimum wage, where applicable. In transnational enterprises, unionization tends to be rarer, because of anti-union policies usually adopted in sectors such as fast food chains, and because of the prevalence of more individual ideologies in, for example, multinational professional services.

The formal EU definition for small and medium enterprises is not very analytically useful for a small country such as Cyprus, as the overwhelming majority of enterprises fall into that category. However, the trend is that unionisation is more difficult in small, often extended-family businesses compared to medium-sized ones.

**Turkish Republic of Northern Cyprus TRNC**

Historical and structural factors, such as the very small scale of industrial production, and the small size of private enterprises, rendered unionisation in the private sector very difficult. Consequently, the level of unionisation is very low in the private sector. According to a study conducted in 2014, there were no trade union members in 95 per cent of the privately-owned workplaces. Therefore, an overwhelming majority of the union members work in the public and semi-public sectors. Trade union density is in decline, where-as it was around 33.7 per cent in 2004, it was around 22 per cent in 2019.

The trade union landscape in the northern part of Cyprus is quite fragmented. According to the Registrar of Trade Unions, there were 48 active trade unions in 2019. By law, 20 people
may come together to form a union. Unionists consider this as a deliberate strategy adopted by politicians to undermine the development of larger and more influential unions because in practice rather than joining larger existing sectoral unions and pool resources, employees prefer to set up a new union and lead it.

The union scene is dominated by three major union federations organised in the public and semi-public sectors, and several independent unions in public administration, primary and secondary public education, and municipalities.

WORKING CONDITIONS OF TRADE UNIONS

Republic of Cyprus

There are no significant direct legal obstacles limiting the ability of trade unions to act properly. The right to unionise and the right to strike are protected by the Constitution and trade union legislation. Furthermore, the trade union law of 2012, «On the recognition of trade union organisation and the right of trade union facilitation for the purpose of recognition for collective bargaining», has improved the situation for unions.
Trade unions do not have any problem organising in the public sector. Indeed, an overwhelming number of the unionised labour force work in the public or semi-public sector.

On the other hand, it can be said that private sector employees in general and migrant workforce in particular work in precarious conditions. Although only a limited number of ILO conventions have been ratified by the Turkish Cypriot parliament, the Labour Law dated 1992, which regulates labour relations in the private sector is considered reasonable by unionists. However, there are serious problems in the enforcement of this legislation. To give an example, on different occasions many employees working in the private sector had been fired after joining a trade union although this is clearly in violation of the law. There are serious shortcomings in the enforcement of labour safety legislation too. Deadly workplace accidents are common particularly in the construction sector.

**TRADE UNIONS AND THEIR CORE TASKS**

**Republic of Cyprus**

There are effectively only two levels of bargaining in the southern part of Cyprus: the industrial level and the workplace/enterprise level. There is no substantive articulation between these two levels and no systematic, coordinated bargaining either. It is important to note, however, that some major collective agreements informally set the pattern for smaller ones in various industries, and the public sector sets the benchmark for the private sector. At sectoral level, direct negotiations are always held between the two sides of industry, in most cases between the two biggest confederations PEO and SEK, from the employees’ side, and OEB, from the employers’ side. At enterprise level, collective agreements are drawn up and negotiated usually directly between the trade union representatives and the employer, but in a number of cases with the assistance of the employer association the company is affiliated to.

There are no bargaining standards at the national level nor at the cross-industry or regional levels. There are, occasionally, some framework agreements which effectively set the range of bargaining objectives for the collective agreements that follow. They are never detailed and usually do not specify actual terms of employment. Therefore, they cannot be considered a third, cross-sectoral level of bargaining. These national-level framework agreements should be understood as policy statements and social dialogue rather than as collective bargaining.

Although no accurate, comprehensive and updated figures are available, the extent of collective bargaining coverage is very close to union density, as there are effectively no other forms of collective bargaining, and no other agents are involved, although sometimes the basic terms of an existing collective agreement may also shape individual contracts. The absence of extension mechanisms at industry level and effective erga omnes rules at company level lead to the convergence of trade union density and collective bargaining coverage. Thus, the overall trend in collective bargaining coverage is a decline, in tandem with the decline in union density. It is therefore possible to infer that the decline of trade union density, from 63.4 per cent in 2001 to 45.2 per cent in 2013, has subsequently led to a corresponding decline in collective bargaining. Trade union density in the Republic of Cyprus is above the EU average, whereas collective bargaining coverage is below the EU average.
Overall, the international trend of collective bargaining decentralisation, driven by employer preferences and made possible by union weakness in the neoliberal age, also applies to Cyprus. Some of the industries in which bargaining was conducted at industry level, such as leather goods, clothing and footwear, have shrunk, while other tertiary sectors, in which collective bargaining takes place primarily at enterprise level, have expanded. Although there are no reliable figures across time, the fragmented evidence seems to suggest that there has been a decrease in the number of collective agreements and their coverage, with enterprise-level bargaining growing at the expense of the industry level, signalling enhanced decentralisation. In industries in which industrial- and firm-level bargaining co-exist, such as the metal industry, the volatile conditions of the crisis exacerbated decentralisation trends. In banking, there has been a shift from industry- to firm-level bargaining, as the Employers’ Association was disbanded in 2015 when, in the middle of the financial crisis, its members decided to handle labour affairs on their own account.

In a fragmented workforce with multiple employment regimes, union power, vis-à-vis intransigent employers, is often inadequate. Thus, the Labour Relations Department of the Ministry of Labour is frequently contacted for mediation concerning compliance with collective agreements, as well as for interpreting some of its clauses. The fact that many existing collective agreements are old documents that are maintained and revised has led to a complex network of rules that are often misunderstood and misinterpreted. As a result, many labour disputes arise from questions of interpretation.

The two main ways of resolving disputes are mediation and arbitration. The Department of Labour Relations (Industrial Relations Service) of the Ministry of Labour, Welfare and Social Insurance is responsible for providing mediation assistance by intervening in a dispute after negotiations have reached a deadlock and the two sides (employers and trade unions) have formally requested the Ministry to mediate. The mediation process is governed by the Industrial Relations Code (IRC), which provides detailed procedures for dispute resolution in the private and semi-public sectors; the public sector adheres to a different set of rules. The mediation process governed by the IRC is not a mandatory procedure and is not covered by legislation. However, collective agreements between employers and their employees may expressly provide that any labour law dispute is to be subject to mediation. The aim of mediation is to assist employers and employees in reaching a mutually acceptable solution. Overall trade unions are able to be partially successful in their core tasks, less so in the current decade compared to the previous one.

In the years after the second half of 2011, as a result of the economic crisis, the social dialogue processes slowed down, as the emergency context and subsequently the Republic of Cyprus’s Memorandum of Understanding (MoU) with the Troika allowed little room for discussion in the realms of social and labour policy. The damage affected on social dialogue structures and processes was not fully healed in the years following the expiration of the MoU in 2016, as the DISY government frequently took unilateral initiatives without consulting the social partners. In 2019, however, some progress was observed with signs of a modest revival of sectoral collective bargaining and social dialogue. In 2020, despite the reduced activity of trade unions due to the pandemic, the Ministry of Labour took on the mediation role on several occasions, based on the IRC. During 2021, many employers viewed the pandemic crisis as an opportunity to restrict the rights of employees, previously established by collective agreements, and to violate their obligations towards them. Moreover, fear of unemployment has led many employees to accept various forms of violations of their rights. At the same time, the maintenance of peace in labour relations in a period of pandemic crisis remains a major challenge for the future of the Cypriot corporate model, and for that once again the Ministry of Labour took on the mediation role on several occasions.

**Turkish Republic of Northern Cyprus TRNC**

As mentioned earlier, trade unions are almost exclusively organised in the public and semi-public sectors where various social dialogue mechanisms exist. Some of these are functioning relatively well, some work well when there is will on the government side, and some of them are present only on paper. In the last ten years, a general deterioration can be observed in the functioning of these mechanisms. This largely stems from the economic protocols signed between the TRNC and Ankara, which envisage austerity measures. In a setting where the government remains to be the biggest employer, the Ministry of Finance has come to cast a long shadow over social dialogue mechanisms particularly when it comes to negotiations over material benefits of the working population. Additionally, it is possible to talk about a reluctance on the government side to take the steps, which may limit its room for manoeuvre vis-à-vis other social partners. Therefore, it tends either to ignore its responsibilities as a stakeholder in social dialogue mechanisms at the expense of violating law or fail to take the steps, which will render these mechanisms functional.

Although public sector employees in general have the right to collective bargaining, they are not entitled to sign a collective agreement. This has been the privilege of a small group consisting mainly of manual workers in the public and semi-public sectors. The broadest collective agreement is negotiated between the Ministry of Finance and Kamu-İş, which represents manual workers in the public sector. Elsewhere, collective bargaining is very decentralised and takes place exclusively at the workplace level. White collar employees in the public sector, on the other hand, are subject to a different collective bargaining mechanism, which is called the «protocol talks». This is held between the Ministry of Finance, and the two trade unions representing white-collar employees in the public administration, as well as the trade unions representing teachers and healthcare sector employees. However, this mechanism has started to lose its relevance; since 2007, no protocol has been signed, and some years the Ministry of Finance did not even bother to call a meeting, although by law one has to be called every year.
As mentioned earlier, unionisation and collective bargaining is very rare in the private sector. The only social dialogue mechanism, which concerns private sector employees, is the Minimum Wage Determination Commission, which is made up of five representatives from the Employers’ Union, five representatives from the biggest trade union federation and five government representatives. The commission meets at least once a year to determine the statutory minimum wage.

TRADE UNIONS AND THEIR (POLITICAL) WEIGHT

Republic of Cyprus

The most positive development in the last years is that collective bargaining has survived the economic crisis, and although trade unions have decreased in density and influence, they have not diminished too much, as is the case with other Southern European countries, with Greece constituting the most negative example. However, the increasing proportion of workers employed under precarious conditions, the general drop of living standards and involuntary underemployment continue to be reasons for alarm.

The increasing difficulties of trade unions to maintain existing levels of collective bargaining coverage, let alone extending it to the growing number of non-unionised workers, led PEO and SEK to attempt to push through a clause for a collective bargaining extension mechanism in the union law reform in 2012. However, that was blocked by the employers. The unions remain committed to this policy and continue their attempts to strengthen collective agreements as primary regulatory tools, with priority over legal means. In the hotel and tourism industry, they managed finally, in 2020, to renew the sectoral collective agreement, even though this was violated by employers in many cases, according to trade unions. Trade unions continue to emphasize the need for a national minimum wage, extending the existing one, which currently covers only nine occupational categories, as this is seen as especially needed for sectors and industries that do not have collective bargaining procedures. In 2020, the Parliament voted for the formation and operation of a Unified Inspection Service, in the Ministry of Labour, Welfare and Social Insurance. The long-standing attempt to strengthen labour inspections by establishing an Independent Labour Inspection Service, with an increased range, scope and depth of authority, had been defeated in 2019 when a parliamentary majority blocked it.

There are no reliable longitudinal surveys comparing the reputation of parties, unions and other social and professional groups. The collapse of the banking sector and the evident prevalence of white-collar crime without anybody yet held accountable for it, in conjunction with the recession and austerity, have brought about a serious discrediting of all institutions in Cyprus in the last decade. Obviously, the banks and the parties bore the brunt of this, but trade unions were also damaged in multiple ways. Loss of income from subscription fees, as many of their members entered unemployment, led trade unions to reduce the size and costs of their apparatuses. Their inability to adequately protect their members and their continued ties with the political parties, which unanimously legislated the Troika sponsored austerity plan, meant that trust in them decreased. Nevertheless, since no significant alternative actors to promote workers’ rights nor other representatives of workers’ interests have emerged, trade unions do not face any serious competition.

The biggest political challenge that trade unions currently face is the aggressiveness of some employers and their own shrinking political influence with respect to the political parties and the state. At the societal level, the main challenge is that their weakness has been revealed, and they have increasing difficulty in persuading the public that they are able and willing to protect the interests of the workers in general and especially their vulnerable members. The priority set by the trade unions themselves has not changed, which is to protect the existing industrial relations system, in general, and the institution of collective bargaining and collective agreements, as the chief regulating mechanism in the labour market. However, recognizing the decrease in their own power at the labour market level, PEO and SEK support the institutionalisation of a set of minimum wages and rights for all workers not covered by collective bargaining.

At the level of employment relations, the biggest challenge that lies ahead concerns the future of collective agreements. As mentioned above, the trend is already negative in terms of declining coverage, increasing violations, delays in their renewal, and agreed changes, as well as unilaterally imposed changes by the employers during the period covered. However, if this is examined in an international comparative framework and especially if one takes into account the aggressiveness of the employers during the crisis years, the ground that the trade unions have lost on this dimension is not enormous, and things are not so dramatic as they could have been. The same is true on the organisational level. Density has been falling, but this is a gradual process and, comparatively, it remains significantly above the EU average – which shows that, despite trade union decline, trade unionism in Cyprus sustains itself.

The political influence and the social acceptance of the trade unions have clearly declined in the last decade. However, in the last two years, impetus has been growing that some further legislative steps can finally be taken in the direction of regulating the labour market. The three main directions are: the conversion of the »main clauses« of the collective agreements into law; the establishment of a national minimum wage applicable to all workers not covered by existing agreements, while converting the minimum wage stipulated in the collective agreements as law for the relevant industries; and the establishment of extension mechanisms with respect to the collective agreements. The trade unions are today confident that, in the »post crisis« conditions of 2020, this is possible, and they push for these measures through the social dialogue procedures.

At the European and international levels, the Cyprus trade unions are well networked, but given Cyprus’s small size, their involvement is neither central nor a priority. All three of the main trade unions have international liaison officers, they follow up on common days of action and campaigns emanating from
the European and/or international levels and they report on international developments through their press. PEO is probably the most devoted and internationally oriented of the three, and this derives from its historical legacy, especially after the collapse of the Eastern bloc. Since the 1990s, PEO has been in the structural position to be one of the few main trade unions in the EU to be part of World Federation of Trade Unions (WFTU). SEK, on the other hand, is the most-networked at the European level, participating regularly in the European Trade Union Confederation (ETUC) processes.

**Turkish Republic of Northern Cyprus TRNC**

Generally speaking, left-wing trade unions have good relations with left-wing political parties though there are no organic links between them. To a large extent the same applies to the right-wing trade unions and right-wing political parties. Trade unions are good at organising mass protests, which may create some impact on broader social and political issues. For instance, they played a major role in mobilising people to demonstrate in favour of reunification of the island and joining the EU in the 2002–2004 period. This was a major achievement with permanent effects on the political scene. Though eventually reunification and EU membership did not materialise because of the “no” vote of the Greek Cypriot community in the referendum held in 2004, the island as a whole has become a part of the EU, and pro-reunification parties came to power as senior coalition partners for the first time in the northern part of the island. Consequently, pro-reunification candidates won the presidential elections twice between 2005 and 2020.

However, the trade union’s capacity to create a lasting impact on economic policy making has been historically low. It is possible to say that this has been in further decline in the last decade in the face of growing influence of Ankara in economic policy making, which manifests itself in the form of economic protocols signed between the Turkish and TRNC governments. Initially, the Trade Union Platform, which brought together unions across the political spectrum, had managed to mobilise public support against these policies in 2010 and 2011. However, this mass mobilisation failed to stop the implementation of main austerity measures.

On a more positive note, as mentioned in the earlier reports, in July 2018, the Ministry of Labour introduced a scheme, which promoted collective bargaining and unionisation in the private media institutions. The scheme basically grants temporary financial incentives to the media companies where a collective agreement is signed; for a period of 36 months, the social security and provident fund premiums of the employees covered by the collective agreement are paid by the state. The funding of the scheme comes from a different scheme, which aims to promote the employment of Turkish Cypriot citizens in the private sector and therefore, it does not cover employees who are not citizens of the TRNC. Thanks to the scheme, collective agreements have been signed in major media companies including Kıbrıs, the biggest private media institution in the northern part of Cyprus. Although in February 2019, preparatory work to extend this scheme to other sectors was completed and a draft legislation was shared with the public, the draft was eventually shelved following the collapse of the four-party coalition in which the Prime Minister’s office and the Ministry of Labour were controlled by left-leaning parties, Republican Turkish Party (CTP) and Social Democratic Party (TDP), respectively. The relative political weight of trade unions has been further weakened after the coming to power of the minority coalition government in 2020, which was composed of three right-leaning parties, National Unity Party (UBP), Democratic Party (DP) and Rebirth Party (YDP). This government came to an end in October 2021. The new interim government, made up of UBP and DP, assumed power in November, on the eve of the early parliamentary election that had been scheduled for 23 January 2022.

The public standing of the trade unions does not look impressive. To give an example, according to a poll conducted in March 2021 by the Centre for Migration, Identity and Right Studies (CMIRS), a local pollster, the trust score of trade unions was 2.35 (out of 5). The worst performers were political parties (2.07) and the parliament (2.15), and the best performers, were the police (3.65) and the judiciary (3.27).

**Hubert Faustmann**, Professor for History and Political Science at the University of Nicosia and Director of the office of the Friedrich-Ebert-Stiftung in Cyprus

**Gianna Chatzigeorgiou**, Sociologist, MA

**Sertac Sonan**, Associate Professor of International Relations and Director of the Centre for Cyprus and Mediterranean Studies, Cyprus International University

**CONTACT**

Friedrich-Ebert-Stiftung | Global an European Politics

Hiroshimastr. 28 | 10785 Berlin

Responsible:
Dr Marc Meinardus
Trade Union Programmes Europe and North America
marc.meinardus@fes.de

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